

DRAFT:CEB:sm (29 Sept 61)

~~CONFIDENTIAL~~

MEMORANDUM FOR: Director of Central Intelligence

25X1A2D1 SUBJECT

[REDACTED] Report of Audit for the Period from
Inception 1 November 1957 to 31 May 1961

REFERENCE : Memo dtd 12 Sept 61 to DD/S from Chief, Audit Staff,
same subject

1. I am forwarding for your information an Audit Report on [REDACTED] X1A2G
for period of 1 November 1957 to 31 May 1961. There is also attached a
memorandum from the Chief, Audit Staff which contains several pertinent
comments on the deficiencies reflected in the report.

2. I agree fully with the Chief, Audit Staff that when we attempt to
administer a project outside normal channels we invariably encounter serious
difficulties especially in the control, maintenance, and recording of documenta-
tion to support the expenditures made. Although there is no evidence in this
Audit Report of fraud, there was a clear violation of our commitment to the
Bureau of the Budget, General Accounting Office, Treasury Department and
House Appropriations Committee concerning the use of funds by fiscal year.

3. The Comptroller's Office has the capability of providing expert assistance
on these projects and if desirable can assign experienced finance personnel to
the project. By taking advantage of this capability would not only ensure that
funds are expended and properly accounted for but also would ^{save} ~~leave~~ operational
personnel of the responsibilities for which they are inexperienced.

LKW